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December 31, 2003

Charles Barquist, Esq.
Morrison & Foerster LLP
555 West Fifth Street
Suite 3500
Los Angeles, California 90013

Re: Multi-Format, Inc.

Dear Chuck:

Based upon information this office has received from the industry concerning both prior art to United States Patent No. RE 38,079 (the '079 reissue patent) and the methods by which DVDs are manufactured and played, Multi-Format has decided to voluntarily dismiss the action entitled *Multi-Format, Inc. v. Amazon.com, Inc.; Best Buy, Inc.; Buy.com, Inc.; Circuit City Stores, Inc.; Costco, Inc.; Fry's Electronics, Inc.; K-Mart, Inc.; Radio Shack Corp.; Sears, Roebuck & Co.; Target Corp.; and Wal-Mart Stores*, Case No. 03-5660 LGB (USDC, C.D. Cal). A conformed copy of Multi-Format's dismissal is enclosed.

Multi-Format's patent portfolio includes many United States and foreign patents directed to 24 fps video cameras, multi-format videotape recorders and video servers, video editing devices using a 24 fps production format, dual format media asset management devices, and other technologies related to digital video recording, image manipulation, transmission and display.

Although Multi-Format and its undersigned counsel have concluded that substantial questions of infringement exist concerning the application of certain claims in the '079 reissue patent to certain DVD replicating and DVD playing apparatus and methods, Multi-Format has pending an additional continuation application which could result in the issuance of claims which cover such DVD apparatus and methods. Additionally, we have concluded that substantial infringing activity of Multi-Format's patents is currently ongoing by companies to whom the retailers looked for indemnification in the above-mentioned lawsuit in connection with the use, manufacture, sale and offer for sale of products and processes unrelated to the DVD industry.

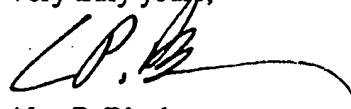
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Charles Barquist
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We encourage all users of Multi-Format's technology to benefit from Multi-Format's patent portfolio by contacting us and taking a license.

Very truly yours,

A handwritten signature in black ink, appearing to read 'A.P. Block', with a long horizontal flourish extending to the right.

Alan P. Block

RGD:APB:sab

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FILED

2003 DEC 30 PM 3:02
CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

BY _____

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9 Attorneys for Plaintiff
10 MULTI-FORMAT, INC.

11 UNITED STATES DISTRICT COURT
12 CENTRAL DISTRICT OF CALIFORNIA
13 WESTERN DIVISION

14 MULTI-FORMAT, INC., a New Jersey
15 corporation,

16 Plaintiff,

17 vs.

18 AMAZON.COM, INC., a Delaware
19 corporation; BEST BUY, INC., a Minnesota
20 corporation; BUY.COM, INC., a Delaware
21 corporation; CIRCUIT CITY STORES, INC., a
22 Virginia corporation; COSTCO, INC., a
23 Washington corporation; FRY'S
24 ELECTRONICS, INC., a California
25 corporation; K-MART, INC., a Michigan
26 corporation; RADIOSHACK
27 CORPORATION, a Delaware corporation;
28 SEARS, ROEBUCK & CO., a New York
corporation; TARGET CORPORATION, a
Minnesota corporation; and WAL-MART
STORES, INC., a Delaware corporation,

Defendants.

Case No. CV 03-5660 LGB (RZx)

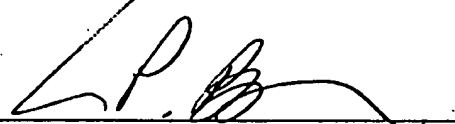
**NOTICE OF VOLUNTARY
DISMISSAL OF ALL
DEFENDANTS UNDER RULE
41(A), FED.R.CIV.P.**

1 Plaintiff Multi-Format, Inc. ("Multi-Format") hereby voluntarily dismisses this
2 action against all defendants pursuant to Rule 41(a), Fed.R.Civ.P. Multi-Format is
3 filing this Notice of Dismissal before any defendant has served an answer. Multi-
4 Format's dismissal is without prejudice as to all defendants.

5
6 DATED: December 30, 2003

HENNIGAN BENNETT & DORMAN LLP

7
8
9 By



Alan P. Block

10 Attorneys for Plaintiff,
11 MULTI-FORMAT, INC.